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**GAS UTILITY DISTRICT NO. 2
OF EAST FELICIANA PARISH
CLINTON, LOUISIANA**

BASIC FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED
AUGUST 31, 2008**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

3/4/09

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED AUGUST 31, 2008**

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**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED AUGUST 31, 2008**

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A PROFESSIONAL ACCOUNTING CORPORATION

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American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

INDEPENDENT AUDITORS' REPORT

Michael Bradford and Board Members of the
Gas Utility District No. 2 of East Feliciana Parish
P. O. Box 9
Clinton, Louisiana 70722

We have audited the accompanying financial statements of the business-type activities of the Gas Utility District No. 2 of East Feliciana Parish, a component unit of the East Feliciana Parish Police Jury, as of and for the year ended August 31, 2008, which collectively comprise the Gas Utility District No. 2 of East Feliciana Parish's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Gas Utility District No. 2 of East Feliciana Parish's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

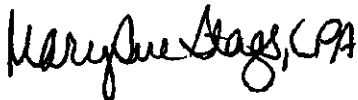
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities the Gas Utility District No. 2 of East Feliciana Parish, a component unit of the East Feliciana Parish Police Jury, as of August 31, 2008, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The required supplemental information, as listed in the table of contents, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. This required supplemental information is the responsibility of the Gas Utility District No. 2 of East Feliciana Parish's management. It has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2009, on our consideration of the Gas Utility District No. 2 of East Feliciana Parish's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying supplementary information listed in the table of contents under Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Sue Stages, CPA". The signature is written in a cursive, flowing style.

Mary Sue Stages, CPA,
A Professional Accounting Corporation
February 11, 2009

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTAL INFORMATION

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2008**

Management's discussion and analysis (MD&A) is a required element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34. Its purpose is to provide an overview of the financial activities of the District based on currently known facts, decisions and/or conditions. It should be read in conjunction with the financial report taken as a whole.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

These financial statements are comprised of these components – (1) management's discussion and analysis, (2) fund financial statements, (3) notes to the financial statements and (4) required supplementary information. There is also other supplementary information contained in this report provided for additional information.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one category of funds: proprietary funds.

Proprietary funds. The District maintains only one type of proprietary fund – enterprise fund. *Enterprise funds* are used to report the functions financed and operated in a manner similar to private business where the intent of the governing body is that the cost (expenses including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. The District uses an enterprise fund to account for its gas services.

Statements include the following:

Statement of Net Assets. This statement presents information on all of the District's assets and liabilities with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or not.

Statement of Revenues, Expenses and Changes in Fund Net Assets. This statement presents information showing how the District's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on general revenues.

Statement of Cash Flows. The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required by GASB No. 34.

The fund financial statements can be found on pages 9-14 of this report.

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2008**

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The index of the notes is found on page 16 with the actual notes beginning immediately afterwards.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's comparison between the current and prior year contained in this section.

Other Information. Additionally, this report also presents certain other information that is deemed helpful to the users of this report.

FINANCIAL ANALYSIS OF THE DISTRICT

Net assets are an indicator of the District's financial position from year to year. A summary of net assets follows.

**SUMMARY OF NET ASSETS
Business-type Activities**

	<u>2008</u>	<u>2007</u>
Assets		
Current assets	\$ 97,467	\$ 130,389
Investments	277,506	265,112
Restricted assets	126,290	121,246
Capital assets, net	328,522	350,844
Other assets	<u>15</u>	<u>15</u>
Total Assets	829,800	867,606
 Liabilities		
Current liabilities	114,493	110,239
Long-term liabilities	<u>46,673</u>	<u>60,026</u>
Total Liabilities	<u>161,166</u>	<u>170,265</u>
 Net Assets		
Invested in capital assets, net of accumulated depreciation and related debt	268,496	278,192
Restricted	126,290	121,246
Unrestricted	<u>273,848</u>	<u>297,903</u>
Net Assets	<u>668,634</u>	<u>697,341</u>

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2008**

A summary of changes in net assets is as follows:

**SUMMARY OF CHANGES IN NET ASSETS
Business-type Activities**

	<u>2008</u>	<u>2007</u>
Revenues		
Charges for services	\$ 724,438	\$ 709,432
Non-operating revenues	<u>14,179</u>	<u>18,873</u>
Total Revenues	738,617	728,305
Expenses		
Operating	763,449	717,607
Non-operating expenses	<u>3,875</u>	<u>4,821</u>
Total Expenses	<u>767,324</u>	<u>722,428</u>
Change in net assets	(28,707)	5,877
Net assets, beginning	<u>697,341</u>	<u>691,464</u>
Net assets, ending	<u>668,634</u>	<u>697,341</u>

Net assets decreased during the current year as a result of increased expenses, primarily those associated with the repairs and clean-up following Hurricane Gustav.

Cash flow activity of the District for the past two years is as follows:

**SUMMARY OF CASH FLOWS
Business-type Activities**

	<u>2008</u>	<u>2007</u>
Cash and cash equivalents provided by (used for):		
Operating activities	\$ (24,871)	\$ 13,121
Non-capital financial activities	2,719	2,980
Capital and related financing activities	(16,804)	(16,979)
Investing activities	<u>1,240</u>	<u>4,518</u>
Net Change in Cash and Cash Equivalents	(37,716)	4,640
Cash and cash equivalents, beginning of year	<u>156,813</u>	<u>152,173</u>
Cash and cash equivalents, end of year	<u>119,097</u>	<u>156,813</u>

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2008**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The District's investment in capital assets, net of accumulated depreciation and related debt at August 31, 2008 and 2007, was \$328,522 and \$278,192, respectively. There were no additions or retirements during the year.

Capital assets at year-end are summarized as follows:

CAPITAL ASSETS		
Net of Accumulated Depreciation		
Business-type Activities		
	<u>2008</u>	<u>2007</u>
Non-depreciable Assets		
Land	\$ 31,000	\$ 31,000
Depreciable Assets		
Gas distribution system	208,243	221,593
Furniture	1,179	602
Machinery & equipment	3,594	4,999
Vehicles	2,937	7,968
Building and improvements	<u>81,569</u>	<u>84,682</u>
Capital Assets, net	<u>328,522</u>	<u>350,844</u>

Debt Administration: Long-term debt of the District includes payment of bonds. Total bonded debt outstanding at August 31, 2008 and 2007, was \$60,026 and \$72,652, respectively. Principle and interest payments are funded by operating revenues.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations and demonstrate the District's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting Vicki Stalnaker, Gas Utility District No. 2 of East Feliciana Parish, P. O. Box 9, Clinton, Louisiana 70722 or 225-683-9416.

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF NET ASSETS
AUGUST 31, 2008**

	<u>Business-type Activities</u>
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 17,545.08
Investments	277,506.39
Accounts receivable, net of allowance for doubtful accounts of \$3,802.71	25,475.90
Unbilled receivables	20,763.05
Accrued interest receivable	2,473.99
Inventory	8,797.38
Prepaid expenses	<u>22,412.00</u>
Total Current Assets	374,973.79
Restricted Assets:	
Cash and cash equivalents	101,552.32
Investments	<u>24,737.80</u>
Total Restricted Assets	126,290.12
Capital Assets:	
Property, plant and equipment, at cost, net of accumulated depreciation of \$1,026,328.23	328,521.54
Other Assets:	
Deposits	<u>15.00</u>
TOTAL ASSETS	<u><u>829,800.45</u></u>

Continued

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
AUGUST 31, 2008**

	<u>Business-type Activities</u>
<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities:	
Payable from current assets:	
Accounts payable	\$ 16,730.01
Payroll withholdings and related payables	3,545.65
Compensated absences	<u>6,552.44</u>
Total Current Liabilities (Payable from Current Assets)	26,828.10
Payable from restricted assets:	
Bonds payable - FmHA	13,352.53
Accrued interest payable	1,438.11
Customer deposits	<u>72,874.19</u>
Total Current Liabilities (Payable from Restricted Assets)	<u>87,664.83</u>
Total Current Liabilities	114,492.93
Long-Term Liabilities:	
Payable from current assets:	
Bonds payable - FmHA	6,609.58
Payable from restricted assets:	
Bonds payable - FmHA	<u>40,063.40</u>
Total Long-Term Liabilities	<u>46,672.98</u>
Total Liabilities	161,165.91

Continued

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF NET ASSETS (Continued)
AUGUST 31, 2008**

	<u>Business-type Activities</u>
Net Assets:	
Invested in capital assets, net of related debt	\$ 268,496.03
Restricted for bond and interest retirement	12,417.12
Restricted for depreciation and contingency	40,998.81
Restricted for customer deposits	72,874.19
Unrestricted	<u>273,848.39</u>
Total Net Assets	<u>668,634.54</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>829,800.45</u></u>

See Accompanying Notes and Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
YEAR ENDED AUGUST 31, 2008**

<u>OPERATING REVENUES</u>	<u>Business-type Activities</u>
Charges for services:	
Gas sales	\$ 716,893.93
Late/reconnection charges	209.00
Tap fees	3,600.00
Miscellaneous refunds/reimbursements	<u>3,734.71</u>
Total Operating Revenues	724,437.64
 <u>OPERATING EXPENSES</u>	
Administrative	25,946.19
Depreciation	23,382.34
Employee and related expenses	159,071.80
Occupancy	38,427.92
Personal services	<u>516,620.42</u>
Total Operating Expenses	<u>763,448.67</u>
Operating Loss	(39,011.03)
 <u>NON-OPERATING REVENUES (EXPENSES)</u>	
Interest earned	14,178.94
Interest expense	<u>(3,874.98)</u>
Total Non-Operating Revenues (Expenses)	<u>10,303.96</u>
Change in Net Assets	(28,707.07)
Net Assets, beginning	<u>697,341.61</u>
Net Assets, ending	<u><u>668,634.54</u></u>

See Accompanying Notes and Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2008**

	<u>Business-type Activities</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 713,184.01
Cash paid to suppliers for goods/services	(579,560.46)
Cash paid to employees for services	(158,494.20)
Net Cash Used for Operating Activities	<u>(24,870.65)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Receipt/refund of customer deposits	<u>2,719.19</u>
Net Cash Provided by Non-Capital Financing Activities	<u>2,719.19</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest paid on bonds	(4,177.49)
Principal paid on bond maturities	(12,626.51)
Net Cash Used for Capital and Related Financing Activities	<u>(16,804.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	13,915.70
Capital assets purchased	(1,059.81)
Investments matured/reinvested	(11,615.96)
Net Cash Provided by Investing Activities	<u>1,239.93</u>
Net Decrease in Cash and Cash Equivalents	(37,715.53)
Cash and Cash Equivalents, beginning of year	<u>156,812.93</u>
Cash and Cash Equivalents, end of year	<u><u>119,097.40</u></u>

Continued

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED AUGUST 31, 2008**

	<u>Business-type Activities</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES	
Operating loss	\$ (39,011.03)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	23,382.34
(Increase) decrease in assets:	
Accounts receivable	(11,253.63)
Prepaid expenses	900.00
Increase (decrease) in liabilities:	
Accounts and other payables	(23.21)
Compensated absences payable	1,134.88
	<u>1,134.88</u>
Net Cash Used for Operating Activities	<u><u>(24,870.65)</u></u>
BALANCE SHEET PRESENTATION OF CASH:	
Current Assets:	
Cash and cash equivalents	17,545.08
Restricted Assets:	
Cash and cash equivalents	<u>101,552.32</u>
Cash and Cash Equivalents, end of year	<u><u>119,097.40</u></u>

See Accompanying Notes and Auditors' Report

BASIC FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
INDEX TO NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008**

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**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008**

INTRODUCTION

The Gas Utility District No. 2 of East Feliciana Parish (hereinafter referred to as the District), located just outside of Clinton, Louisiana, was created by the East Feliciana Parish Police Jury as allowed under Louisiana Revised Statutes in 1970. It operates under a president-board form of government whose appointments are made by the East Feliciana Parish Police Jury. The District was created to provide gas services to the citizens of East Feliciana Parish residing within the boundaries of the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the District conforms to governmental accounting principles generally accepted in the United States of America. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guidelines set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the East Feliciana Parish Police Jury is the financial reporting entity for East Feliciana Parish. The District is considered a component unit of the East Feliciana Parish Police Jury because the Police Jury appoints a voting majority of the District's governing body and its services are rendered within the Police Jury's boundaries. The accompanying financial statements present information only on the fund(s) maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Fund Accounting: The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate entity with a self-balancing set of accounts. Funds of the District are classified under one category: proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Proprietary Funds – used to account for governmental activities that are similar to activities performed by commercial enterprises in that goods/services are provided for a fee. Proprietary

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008**

funds of the District include the following fund types:

1. Enterprise – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting/Measurement Focus: In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

Basis of accounting refers to when revenues and expenses are recognized and reported and relates to the time of the measurement, regardless of the measurement focus applied. The fund statements of the District are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. In these statements, capital assets are reported and depreciated, and long-term debt is reported.

Application of FASB Statements and Interpretations: Reporting on business-type activities is based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Operating/Non-Operating Revenues: Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the District's gas services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Cash and Cash Equivalents: Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law or any other state of the United States or under the laws of the United States.

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008**

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value, based on quoted market prices, with the corresponding increase or decrease reported in investment earnings.

Receivables: The District has a policy of recognizing a bad debt on gas billings at the time information becomes available indicating the bill is uncollectible. At the time an account is disconnected for nonpayment, the District continues to send bills to the customer as long as there is a valid address. At the end of the year, the allowance for uncollectible accounts is adjusted to reflect an estimated amount of the final accounts that the District expects to write-off.

The District's billing cycle extends into the subsequent year. An estimate for unbilled gas services is calculated at year-end based on the gas billed in the immediate subsequent period and the number of days of gas usage through the last day of the fiscal year. This amount is recorded separately on the accompanying financial statements.

Inventory: Inventory of the District includes various supplies and parts used to maintain its gas distribution system. It is recorded at lower of cost or market utilizing the average cost valuation. Gas in the District's lines is expensed when purchased. The amount remaining in the lines at any given time is not material to the accompanying financial statements and, therefore, not included in inventory.

Prepaid Expenses: Prepaid expenses include payments for insurance coverage with expiration dates extending beyond August 31, 2008. This amounted to \$22,412 at August 31, 2008.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets: Capital assets are recorded at cost and do not purport to represent replacement or realizable values. The cost of depreciable property is charged to earnings over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures for renewals and betterments are generally capitalized. When properties are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. Depreciation is computed using the straight-line method of depreciation over the following lives – gas system 5-40 years; furniture and machinery 3-8 years; vehicles 3-5 years and buildings 10-40 years.

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008**

Compensated Absences: Vested or accumulated vacation leave is recorded as both a fund liability and operating expense in the year earned. In accordance with the provisions of Statement of Financial Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulated rights to receive sick pay benefits or vacation leave.

Net Assets: In the statements of net assets, the difference between a government's assets and liabilities is recorded as net assets. The three components of net assets are as follows:

Invested in Capital Assets, Net of Related Debt

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted Net Assets

Net assets that are reserved by external sources such as banks or by law are reported separately as restricted net assets. When assets are required to be retained in perpetuity, the resulting non-expendable net assets are recorded separately from expendable net assets. These are components of restricted net assets.

Unrestricted Net Assets

This category represents net assets not appropriable for expenditures or legally segregated for a specific future use.

NOTE 2 – CASH AND CASH EQUIVALENTS

The cash and cash equivalents on hand (book balances) of the District are as follows:

Demand deposits	\$ 3,502.94
Interest-bearing demand deposits	62,178.54
Money market savings	<u>53,415.92</u>
· Total	<u>119,097.40</u>

Of the cash balances included above, \$101,552.32 is restricted for bond retirement, depreciation and contingency and customer deposits.

Deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008**

Even though pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

With the adoption of GASB Statement No. 40, only deposits that are considered exposed to custodial credit risk are required to be disclosed. The District has no deposits exposed to custodial credit risk.

NOTE 3 – INVESTMENTS

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the municipality or its agent in the municipality's name;
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the municipality's name; or
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the municipality's name.

All investments of the District fall within category 1. The balances at August 31, 2008, are as follows:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Carrying Amount</u>
Certificates of deposit	<u>\$ 302,244.19</u>	<u>\$ 302,244.19</u>	<u>\$ 302,244.19</u>

Of the balances included above, \$24,737.80 is restricted for bond retirement, depreciation and contingency and customer deposits.

NOTE 4 – RECEIVABLES

The net receivables at August 31, 2008, are as follows:

Class of Receivables

Trade (including unbilled of \$20,763.05)	\$ 50,041.66
Allowance for bad debts	<u>(3,802.71)</u>
Net	<u>46,238.95</u>

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008**

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land	\$ 31,000.00	\$.00	\$.00	\$ 31,000.00
Capital Assets, being depreciated				
Gas distribution system	1,075,459.97	.00	.00	1,075,459.97
Less: accumulated depreciation	<u>853,866.49</u>	<u>13,350.60</u>	<u>.00</u>	<u>867,217.09</u>
Net Distribution System	221,593.48	(13,350.60)	.00	208,242.88
Furniture	30,017.12	1,059.81	2,240.00	28,836.93
Less: accumulated depreciation	<u>29,415.22</u>	<u>482.30</u>	<u>2,240.00</u>	<u>27,657.52</u>
Net Furniture	601.90	577.51	.00	1,179.41
Machinery & equipment	14,553.19	.00	.00	14,553.19
Less: accumulated depreciation	<u>9,554.26</u>	<u>1,404.50</u>	<u>.00</u>	<u>10,958.76</u>
Net Machinery & Equipment	4,998.93	(1,404.50)	.00	3,594.43
Vehicles	89,533.28	.00	.00	89,533.28
Less: accumulated depreciation	<u>81,565.76</u>	<u>5,031.46</u>	<u>.00</u>	<u>86,597.22</u>
Net Vehicles	7,967.52	(5,031.46)	.00	2,936.06
Building and improvements	115,466.40	.00	.00	115,466.40
Less: accumulated depreciation	<u>30,784.16</u>	<u>3,113.48</u>	<u>.00</u>	<u>33,897.64</u>
Net Building and Improvements	84,682.24	(3,113.48)	.00	81,568.76
Capital Assets, being depreciated, net	<u>319,844.07</u>	<u>(22,322.53)</u>	<u>.00</u>	<u>297,521.54</u>
Capital Assets, net	<u>350,844.07</u>	<u>(22,322.53)</u>	<u>.00</u>	<u>328,521.54</u>

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008**

NOTE 6 – ACCOUNTS AND OTHER PAYABLES

The payables at August 31, 2008, are as follows:

Class of Payable

Trade	\$ 16,730.01
Payroll withholdings and related	3,545.65
Compensated absences	6,552.44
Bonds payable – short-term portion	13,352.53
Interest on bonds	1,438.11
Customer deposits	<u>72,874.19</u>
Total	<u>114,492.93</u>

NOTE 7 – LONG-TERM LIABILITIES

Revenue Bonds. The District issued bonds through the U.S. Department of Agriculture – Farmer's Home Administration to fund gas line extensions beginning in 1998. Repayment is made with an annual payment of \$16,804 due in April of each year through 2013, at an interest rate of 5.75%

The following is a summary of changes in long-term liabilities for the year ended August 31, 2008:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue	<u>\$ 72,652.02</u>	<u>\$.00</u>	<u>\$ 12,626.51</u>	<u>\$ 60,025.51</u>	<u>\$ 13,352.53</u>

The annual debt service requirements to maturity for bonded debt as of August 31, 2008, are as follows:

<u>Year Ending August 31</u>	<u>Principle</u>	<u>Interest</u>
2009	\$ 13,352.53	\$ 3,451.47
2010	14,120.30	2,683.70
2011	14,932.22	1,871.78
2012	15,790.82	1,013.18
2013	<u>1,829.64</u>	<u>105.20</u>
Total	<u>60,025.51</u>	<u>9,125.33</u>

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008**

NOTE 8 – LEASES

Operating Leases. The District does not have any operating leases.

Capital Leases. The District has no capital leases.

NOTE 9 – RETIREMENT PLAN

The District established a deferred compensation plan created in accordance with the Internal Revenue Code Section 457(b) for employees who meet the eligibility requirements set forth in the plan. Employer contributions are determined as a percent of compensation paid each year to eligible participants. The employer contributions for 2008 and 2007 were \$2,906.40 and \$4,117.22, respectively. An independent plan administrator administers the plan through administrative service agreements. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred amount for each participant.

NOTE 10 – VACATION AND SICK LEAVE

The District's employees earn vacation time at varying rates based on their years of service following their initial 90 days of employment. They may carry up to one week into the subsequent period and may be paid for unused vacation time upon termination at the discretion of the Board. Employees earn 1 day per month in sick leave and may accrue this leave without limitation. Unused sick leave is not paid upon termination.

There was \$6,552.44 in accrued vacation leave earned at August 31, 2008.

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS

The District does not provide post-employment benefits.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Commitments: The District is a member of the Louisiana Municipal Gas Authority (hereinafter referred to as the Authority). As a member of the Authority, the District agrees to purchase all of its natural gas for resale to its customers through the Authority's gas distribution system. The Authority prepares an annual budget that includes an estimate of all of the Authority's operations, maintenance and general expenses relating to the operation and conduct of the business of the Authority during the year.

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2008**

The total amount set forth in this budget is paid monthly by each member of the Authority based on a percentage of each member's cost of gas. This contract is for a ten year period, ending July 31, 2016, but it can be terminated by either party by giving written notice to the other party at least six months prior to termination.

NOTE 13 – RELATED PARTY TRANSACTIONS

There were no related party transactions requiring disclosure.

NOTE 14 – LITIGATION AND CLAIMS

There is no litigation that would require disclosure in the accompanying basic financial statements.

NOTE 15 – SUBSEQUENT EVENTS

There were no events between the close of the year through issuance of this report that would materially impact these basic financial statements.

SUPPLEMENTARY INFORMATION

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
COMPARATIVE SCHEDULE OF OPERATING EXPENSES
YEARS ENDED AUGUST 31, 2008 AND 2007**

	<u>Business-Type Activities</u>	
	<u>2008</u>	<u>2007</u>
<u>ADMINISTRATIVE</u>		
Billing expenses	\$ 3,436.78	\$ 3,476.53
Board meetings/travel	9,779.08	9,090.54
Office and supplies	4,493.65	4,398.45
Office repairs/maintenance	2,206.81	2,166.88
Professional fees	5,625.00	5,810.00
Travel	404.87	838.75
Total Administrative	25,946.19	25,781.15
<u>DEPRECIATION</u>	23,382.34	25,859.42
<u>EMPLOYEE AND RELATED EXPENSES</u>		
Health insurance	15,293.38	19,221.83
Payroll taxes	10,207.45	10,287.51
Retirement	2,906.40	4,117.22
Salaries and wages	122,715.86	120,489.44
Uniforms	4,756.71	4,843.95
Workers' compensation	3,192.00	1,062.50
Total Employee and Related Expenses	159,071.80	160,022.45
<u>OCCUPANCY</u>		
Insurance	30,471.00	33,522.61
Telephone	6,049.27	5,726.56
Utilities	1,907.65	2,880.95
Total Occupancy	38,427.92	42,130.12
<u>PERSONAL SERVICES</u>		
Gas purchases	448,301.59	400,855.62
Fuel - trucks	17,337.14	12,345.22
Fuel - other	311.40	104.24
Maintenance and repairs	42,448.29	42,230.41
Maintenance and repairs - trucks/other	8,222.00	8,278.67
Total Personal Services	516,620.42	463,814.16
TOTAL OPERATING EXPENSES	763,448.67	717,607.30

See Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATISTICAL DATA
YEAR ENDED AUGUST 31, 2008**

<u>Month</u>	<u>No. of Customers</u>	<u>Gas Sales in MCFs</u>
September	965	1,800
October	980	2,928
November	990	4,530
December	996	8,339
January	995	7,810
February	996	5,220
March	999	3,419
April	995	2,009
May	995	1,871
June	992	1,531
July	987	1,398
August	983	1,976

Average No. of Customers 989

Total MCFs of Gas Sold 42,831

See Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS
YEAR ENDED AUGUST 31, 2008**

<u>Board Member</u>	<u>Amount Paid</u>
Dexter Armstead	\$ 1,800.00
Minnie Douglas	1,875.00
Eileen Siebert	1,725.00
Leon Spears	1,650.00
John Strain	<u>1,575.00</u>
Total Per Diem Paid to Governing Members	<u><u>8,625.00</u></u>

See Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
AUGUST 31, 2008**

<u>Policy No.</u>	<u>Expiration</u>	<u>Carrier</u>	<u>Coverage</u>	<u>Amount</u>
WS18201858	3/22/2009	Western Surety Company	Fidelity bond:	
			President	\$ 100,000.00
			Secretary	\$ 100,000.00
			Commissioners (each)	\$ 20,000.00
			Secretary/Bookkeeper	\$ 10,000.00
			System Operator	\$ 10,000.00
17212-A	4/15/2009	La. Workers' Compensation Corporation	Workers' compensation	Statutory
EPP21000314	6/10/2009	Fairmont Speciality Group	General liability and vehicles:	
			General aggregate limit	\$ 1,000,000.00
			Products aggregate limit	\$ 1,000,000.00
			Each occurrence limit	\$ 1,000,000.00
			Personal/adv injury limit	\$ 1,000,000.00
			Medical limit, any one person	\$ 5,000.00
CFA6643800	6/23/2009	Trinity Universal Insurance Co. of KS	Commercial Property	
			Limit	\$ 152,000.00
			Deductible	\$ 1,000.00
			Coinsurance	80%
			Personal property	20,000.00
606DIM37389	7/30/2009	Arch Insurance Company	Contractors' Equipment	\$ 18,600.00
			Deductible each loss	\$ 500.00
6737550	9/23/2009	National Union Fire Insurance Co. of Pittsburgh, PA	Public Officials and Employees	
			General aggregate limit	\$ 1,000,000.00
			Each wrongful act	\$ 1,000,000.00
			Deductible each wrongful act	\$ 10,000.00

See Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
COMPARATIVE DATA
AUGUST 31, 2008
(Unaudited)**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>SUMMARY OF STATEMENT OF REVENUES</u>					
Operating revenues	\$ 724,438	\$ 709,432	\$ 792,208	\$ 595,817	\$ 613,918
Cost of revenues - gas purchases	448,302	400,856	506,540	349,153	336,990
Gross profit	276,136	308,576	285,668	246,664	276,928
Operating expenses	291,765	290,892	275,337	266,675	253,554
Depreciation	23,382	25,859	28,067	29,358	29,669
Operating income (loss)	(39,011)	(8,175)	(17,736)	(49,369)	(6,295)
Non-operating revenues	14,179	18,873	13,514	10,857	9,206
Non-operating expenses	(3,875)	(4,820)	(7,721)	(10,865)	(7,490)
Net Income (Loss)	<u>(28,707)</u>	<u>5,878</u>	<u>(11,943)</u>	<u>(49,377)</u>	<u>(4,579)</u>

OTHER DATA

Capital assets	1,354,850	1,356,030	1,356,030	1,356,030	1,350,310
Net working capital	260,481	310,978	285,183	283,315	325,971
Total assets	829,800	867,606	868,765	891,204	944,791
Long-term liabilities	46,673	60,026	84,592	95,394	106,097
Total equity	668,635	697,342	690,215	702,158	751,535
Average no. of customers	989	977	963	964	964
Total cubic feet of gas sold (MCF)	42,831	45,150	42,228	43,671	49,380
No. of customers:					
Residential	943	931	916	907	919
Commercial	41	41	41	41	42
3/4" meters	5	5	5	5	4

See Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
GAS LOSS SCHEDULE
AUGUST 31, 2008**

<u>Month</u>	<u>Price Per MCF</u>	<u>Gas Purchased MCF</u>	<u>Gas Sold MCF</u>	<u>Gain (Loss) MCF</u>	<u>% Gain (Loss) MCF</u>	<u>Loss Acctd for MCF</u>	<u>Loss Acctd for MCF</u>
September	\$ 6.0516	2,181	1,800	(381)	-17.47%	\$ 2,306	381
October	\$ 6.9137	2,939	2,928	(11)	-0.37%		
November	\$ 7.8766	5,308	4,530	(778)	-14.66%	\$ 5,120	650
December	\$ 8.2839	7,226	8,339	1,113	15.40%		
January	\$ 8.2655	10,608	7,810	(2,798)	-26.38%	\$ 2,247	2,238
February	\$ 8.4857	9,564	5,220	(4,344)	-45.42%	\$ 29,490	3,475
March	\$ 9.1202	5,876	3,419	(2,457)	-41.81%	\$ 17,927	1,966
April	\$ 7.6066	4,453	2,009	(2,444)	-54.88%	\$ 14,872	1,955
May	\$ 11.8031	2,247	1,871	(376)	-16.73%	\$ 2,361	200
June	\$ 14.4864	1,592	1,531	(61)	-3.83%		
July	\$ 13.6225	1,539	1,398	(141)	-9.16%		
August	\$ 9.6163	1,552	1,976	424	27.32%		
Totals		55,085	42,831	(12,254)		\$ 74,321	10,865

A gas line burst in January but was not reported to the District. The majority of the losses that occurred between January and April can be attributed to this problem.

See Auditors' Report

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
GAS LOSS SCHEDULE BY YEAR
AUGUST 31, 2008
(Unaudited)**

<u>Year</u>	<u>Gas Purchased MCF</u>	<u>Gas Sold MCF</u>	<u>Gas Loss (Gain), Net MCF</u>	<u>Gas Loss</u>	<u>% Loss MCF</u>	<u>Unacctd for Loss MCF</u>	<u>Acctd for Loss MCF</u>
August 31,							
1999	45,316	42,530	2,786 \$	7,823	6.15%	1,640	1,146
2000	48,966	45,476	3,490 \$	11,650	7.13%	755	2,735
2001	60,445	56,570	3,875 \$	28,917	6.41%	1,049	2,826
2002	51,626	47,328	4,298 \$	22,855	8.33%	1,873	2,425
2003	55,770	51,282	4,488 \$	27,143	8.05%	1,058	3,430
2004	51,519	49,380	2,139 \$	11,228	4.33%	749	1,390
2005	45,023	43,671	1,352 \$	14,824	3.00%	750	602
2006	44,983	42,228	2,755 \$	44,280	6.12%	1,195	1,560
2007	49,261	45,153	4,108 \$	42,435	8.34%	758	3,350
2008	55,085	42,831	12,254 \$	103,442.00	15.37%	1,389	10,865

Unaccounted for losses are due primarily to normal maintenance and operations.

See Auditors' Report

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Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Michael Bradford and Board Members of the
Gas Utility District No. 2 of East Feliciana Parish
P. O. Box 9
Clinton, Louisiana 70722

We have audited the financial statements of the business-type activities of the Gas Utility District No. 2 of East Feliciana Parish as of and for the year ended August 31, 2008, which collectively comprise the Gas Utility District No. 2 of East Feliciana Parish's basic financial statements and have issued our report thereon dated February 11, 2009. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Gas Utility District No. 2 of East Feliciana Parish's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Gas Utility District No. 2 of East Feliciana Parish's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Gas Utility District No. 2 of East Feliciana Parish's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the governmental agency's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement on the agency's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control.

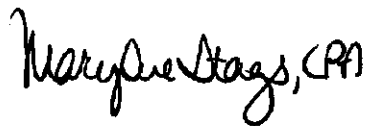
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the governmental agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Gas Utility District No. 2 of East Feliciana Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the East Feliciana Parish Police Jury, the Legislative Auditor and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Mary Sue Stages, CPA,
A Professional Accounting Corporation
February 11, 2009

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
SCHEUDLE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2008**

We have audited the financial statements of the Gas Utility District No. 2 of East Feliciana Parish as of and for the year ended August 31, 2008, and have issued our report thereon dated February 11, 2009. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of August 31, 2008, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

A. Report on Compliance and Internal Control Material to the Financial Statements

Compliance	Material Weakness	■ No
	Significant Deficiency(ies)	■ No
Internal Control	Material Weakness	■ No
	Significant Deficiency(ies)	■ No

B. Federal Awards

N/A

C. Identification of Major Programs

N/A

Section II Financial Statement Findings

None

Section III Federal Award Findings and Questioned Costs

None

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED AUGUST 31, 2008**

Section I Internal Control and Compliance Material to the Financial Statements

None

Section II Compliance and Internal Control Material to Federal Awards

None

Section III Management Letter

None

**GAS UTILITY DISTRICT NO. 2 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED AUGUST 31, 2008**

Section I Compliance and Internal Control Material to the Financial Statements

N/A

Section II Compliance and Internal Control Material to Federal Awards

N/A

Section III Management Letter

N/A